

Message Text

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ACTION EB-11

INFO OCT-01 AF-10 ISO-00 AID-20 CIAE-00 COME-00 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 CEA-02 STR-08 DODE-00

PM-07 H-03 L-03 NSC-10 PA-04 PRS-01 SS-20 USIA-15

SAM-01 AGR-20 NEA-11 DRC-01 /193 W
----- 069650

R 150900Z FEB 74

FM AMCONSUL LUBUMBASHI

TO AMEMBASSY KINSHASA

INFO SECSTATE WASHDC 1461

AMCONSUL BUKAVU

AMCONSUL KISANGANI

C O N F I D E N T I A L LUBUMBASHI 0080

E.O. 11652: GDS

TAGS: ECON, EFIN, PDEV, CG

SUBJECT: SHABA ECON SITREP NO 5

REF: LUBUMBASHI 0075

BEGIN SUMMARY: SHABA ECONOMIC SITUATION REMAINS DE-
PRESSED. BLACKMARKET VALUE OF THE ZAIRE CONTINUES TO
FALL. SHORTAGES OF FOOD SUPPLIES BECOME MORE ACUTE.
REGIONAL COMMISSIONER RETURNS FROM KINSHASA IN VINDIC-
TIVE MOOD. END SUMMARY.

1. SHABA ECONOMIC SITUATION FOR WEEK ENDING FEBRUARY 15
CONTINUES DECLINE AS BUSINESS ACTIVITY IN SOME SECTORS
NEARS STANDSTILL. TEXTILE INDUSTRY SALES DURING
FEBRUARY EVEN WORSE THAN PREVIOUS MONTH. LOCAL AUTO
DEALER REPORTS SELLING ONLY ONE CAR DURING FIRST SIX
WEEKS OF YEAR COMPARED TO NORMAL SALES OF 15 TO 20.
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CASH AND CREDIT FLOW MUCH BELOW NORMAL. VALUE OF

ZAIRE ON BLACKMARKET CONTINUES TO FALL AS ONE DOLLAR
NOW BUYS AROUND ZAIRES 1.50.

2. ALTHOUGH EXPENSIVE IMPORTED FOODS STILL GENERALLY
AVAILABLE, STAPLES OF AFRICAN DIET, CORN AND WHEAT
FLOUR, RICE, PALM OIL VERY SCARCE. EARLY IN WEEK
50-60 ZAIRIAN WOMEN BESIEGED SOAP FACTORY DEMANDING
THAT IS SELL HIGH ACIDIC, UNPALATABLE PALM OIL.
SHORTAGES EXPECTED TO BECOME MUCH WORSE BEFORE NEW
ZAIRIAN MERCHANTS ABLE TO RESUME NORMAL TRADE. IN
MANY CASES, EVEN AFTER TAKEOVER, STORES REMAIN CLOSED
OR, IF OPEN, SIMPLY SELL EXISTING INVENTORIES AND DO
NOT ATTEMPT TO PLACE NEW ORDERS.

3. FULL EXTENT OF ECONOMIC MEASURES NOT YET APPARENT
AS NEW TAKEOVERS OCCUR DAILY. (LIST OF KNOWN TAKE-
OVERS AND NEW BUYS WILL BE FORWARDED TO EMBASSY
SEPARATELY). LEGAL LIMITS OF NEW MEASURES REMAIN
UNCLEAR AS NEW OWNERS, SUPPORTED BY GOZ OFFICIALDOM,
APPEAR FREE TO INTERPRET DECREE AS THEY WISH, OFTEN
ABUSING FORMER OWNER AND CONFISCATING PERSONAL AS
WELL AS BUSINESS PROPERTY. RESISTENCE HAS BEEN
PUNISHED BY JAIL OR BEATINGS.

4. ONE PROMINENT BENEFICIARY OF ZAIRIANIZATION IS
KIBWE (EX-JEAN BAPTISTE), VICE PRESIDENT OF SECES-
SIONIST KATANGESE GOVERNMENT AND LATER DIRECTOR OF
UNION MINERE JAILED FOR FINANCIAL MISCONDUCT.

KIBWE KNOWN TO HAVE RECEIVED LARGE HARDWARE STORE AND
BATA SHOW STORE. REGIONAL COMMISSIONER DUGA, IN
ADDITION TO RECEIVING SEVERAL LARGE BUSINESSES, HAS
PURCHASED SEVERAL HOUSES PAYING FORMER OWNER BELGIAN
FRANCS IN BELGIUM.

5. AMERICAN FIRMS HAVE BEEN LARGELY FREE OF HAR-
ASSMENT. CAPAROS BROTHERS CONTINUE TO SELL PROPERTY,
SETTLE DEBTS AND HOPE TO LEAVE BEFORE MONTHS END.
NO CHANGE IN MERCHANTILE AFRICAIN SITUATION.

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6. LONG ABSENT REGIONAL COMMISSIONER RETURNED FROM
KINSHASA VOWING HARD LINE AGAINST FOREIGN ENEMIES AND
SABOTEURS (REFTEL). GREEKS CAME IN FOR PARTICULAR
VERBAL ABUSE. LOCAL NEWSPAPER FOLLOWS SUIT BY
CARRYING DAILY ARTICLES DENOUNCING FOREIGNERS IN HARSH
TERMS. ANXIETY LEVEL OF FOREIGN COMMUNITIES CONTINUES
TO RISE AS SOME BELIEVE THAT WORST IS STILL TO COME.
JUNIOR

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